

## ASX RELEASE

### Appendix 4C – Q4 FY20 Quarterly Cash Flow Report

#### Highlights:

- **Cash receipts from customers for the quarter totalled NZ\$4.7M, up 354% compared to Q4 FY19**
- **Successful placement of A\$28M, Share Purchase Plan launched for an additional A\$7M**
- **NZ\$31.4M cash on hand at end Q4 FY20, with post-capital raise cash reserves of approx. NZ\$67M**
- **Annual Recurring Revenue (ARR) at end Q4 FY20 of NZ\$18.0M, ahead of upgraded guidance and up 172% year-on-year**
- **Volpara’s software products now contracted to ~27.1% of US women who undergo screening and who have at least one Group product applied on their images and data**

Wellington, NZ, 23 April 2020: [Volpara Health Technologies](#) (“Volpara,” “the Group,” or “the Company”; ASX: VHT), a medical technology company whose cancer screening software platform assists in the delivery of personalized patient care, has released its Appendix 4C Quarterly Cash Flow report for the quarter ending 31 March 2020.

Cash receipts from customers continue to be strong, with NZ\$4.7M received in Q4, up 354% on Q4 FY19 (pre-MRS acquisition). This is Volpara’s third straight quarter with receipts greater than NZ\$4.5M. Cash receipts in the first three weeks of FY21 have remained strong despite COVID-19, but we continue to monitor the situation closely, noting the different stages of COVID-19 across the United States, our main market.

Total cash received in FY20 was NZ\$16.5M, up 194% year-on-year. This only includes cash received from MRS from the acquisition date in mid-June 2019.

Net operating cash outflow in Q4 was NZ\$4.2M, in line with expectations and the previous two quarters. The Company had NZ\$31.4M in the bank at the end of Q4, and after the recent capital raise will have in excess of NZ\$67M. The Group continues to hold no debt.

In relation to orders, Volpara had the strongest quarter in its history, with net new ARR of over NZ\$1.2M added, ~20% up on Q4 FY19 despite the COVID-19 uncertainty.

Group ARR at the end of Q4 FY20 was NZ\$18.0M (US\$11.7M), comprising NZ\$17.14M (US\$11.1M) from breast cancer software sales and NZ\$872K (US\$565K) from lung cancer software sales. Volpara has a strong pipeline of US sales ahead, with a number of potential deals progressing well, though some have been delayed in States strongly affected by COVID-19.

Volpara met its forecast of 27% of US women who undergo screening having at least one Group product applied on their images and data. This continues to provide a solid foundation from which to upsell Volpara’s full suite of products under SaaS pricing, a process that is now well underway.

The annual revenue per user (ARPU) generated by women under contract across the Group within breast cancer operations is currently approximately NZ\$1.61 (US\$1.04), up ~3% from NZ\$1.57 (US\$1.02) at the end of Q3 FY20. ARPU per US woman for contracts signed in Q4 ranged from US\$1.45 to US\$3.10 depending upon deal size and structure.

Dr Ralph Highnam, the CEO of Volpara, said: “We are a resilient company, in a resilient industry, with a resilient business model and an outstanding US sales team. We are also a virtual company due to our location in New Zealand and our proven ability to work remotely, including using cloud-based services, which is a distinct advantage in this COVID-19 world. Nevertheless, the Board recognized the world had changed in early March, and we are working hard to further transform the Company and enhance productivity in the new ‘remote’ world. That process is now well underway, with internal training and post-merger restructuring to remove costs.

“Of course, uncertain times such as these also introduce opportunities, and that was one of the main drivers for undertaking the capital raise conducted over the last week. We thank shareholders and investors for their continuing support in our mission to save families from cancer.”

Additional highlights during Q4 FY20 and early in Q1 FY21 include the following:

- Volpara closed a number of Aspen® Breast SaaS contracts during the quarter, continuing the move away from capital sales;
- As announced last week, Volpara signed a collaboration agreement with Ambry Genetics to create an online ordering process for genetic testing within the Aspen® Breast practice management software. This includes using Volpara®Density™ for an automated breast density measure and subsequent risk calculation, with the potential to significantly increase ARPU upon successful clinical implementation; and
- ScreenPoint Medical’s Transpara™ software – for which Volpara acts as a distributor in key markets – obtained US FDA clearance in March for the 3D version of its software. This has allowed several trials to begin installations.

## **Authorisation & Additional Information**

This announcement was authorised by the management and Board of Directors of Volpara Health Technologies Limited.

## **Investor Conference Call**

The Company is holding a conference call at 09:00 am AEDT (11:00 am NZST), Thursday, 23 April 2020 to discuss activity over the past quarter.

If you have not already preregistered via the link below, you may dial in at the scheduled time using the following call details.

**Preregistration link:** <https://s1.c-conf.com/diamondpass/10006065-invite.html>

**Dial-in details:** Conference ID – 10006065

If you are unable to use register in advance, then at the time of the conference you can call one of the numbers below and provide the conference ID 10006065 to an operator.

<b>AUSTRALIA:</b>	1800558698
<b>ALT. AUSTRALIA:</b>	1800809971
<b>OTHER INTERNATIONAL (METERED):</b>	+61731454010
<b>SYDNEY:</b>	0290073187
<b>NEW ZEALAND:</b>	0800453055
<b>AUCKLAND:</b>	099291687
<b>CHRISTCHURCH:</b>	039742632
<b>WELLINGTON:</b>	049747738
<b>BELGIUM:</b>	080072111
<b>CHINA:</b>	4001200659
<b>FRANCE:</b>	0800981498
<b>GERMANY:</b>	08001827617
<b>HONG KONG:</b>	800966806
<b>INDIA:</b>	0008001008443
<b>INDONESIA:</b>	18030193275
<b>IRELAND:</b>	1800948625
<b>ITALY:</b>	800793500
<b>JAPAN:</b>	00531161281
<b>MALAYSIA:</b>	1800816294
<b>NORWAY:</b>	80069950
<b>PHILIPPINES:</b>	180011101462
<b>SINGAPORE:</b>	8001012785
<b>SOUTH AFRICA:</b>	0800999976
<b>SOUTH KOREA:</b>	00798142063275
<b>SWEDEN:</b>	020791959
<b>SWITZERLAND:</b>	0800820030
<b>TAIWAN:</b>	00801127397
<b>THAILAND:</b>	0018001562063275
<b>UAE:</b>	800035702705
<b>UK:</b>	08000518245
<b>USA/CANADA:</b>	18558811339
<b>CHICAGO:</b>	18153732080
<b>LOS ANGELES:</b>	19092354020
<b>NEW YORK:</b>	19142023258

**ENDS.**

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**About Volpara Health Technologies Limited (ASX: VHT)**

VHT is a MedTech SaaS company founded in 2009 on research originally conducted at Oxford University. VHT's clinical functions for screening clinics provide feedback on breast density, compression, dose, and quality, while its enterprise-wide practice software management helps with productivity, compliance, reimbursement, and patient tracking.

VHT's technology and services have been used by customers and/or research projects in 38 countries and are supported by numerous patents, trademarks, and regulatory clearances, including FDA clearance and CE marking. Since its listing on the ASX in April 2016, VHT has raised A\$95 million, including A\$55 million in June 2019. VHT is based in Wellington, New Zealand.

At the end of June 2019, VHT acquired MRS Systems, Inc., a company based in Seattle, WA. MRS provides mammography reporting systems to over 1,600 breast clinics and hospitals, and to VHT a much stronger US presence, experienced local headquarters, and accelerated sales through cross-selling opportunities.

For more information, visit [www.volparasolutions.com](http://www.volparasolutions.com)

VHT uses the following definitions:

**Total Contract Value (TCV):** The value of contracts signed in the specified period. The revenue from these deals might be recognised over one or many years, and the customer might or might not have a cancellation clause of some kind.

**Annual Recurring Revenue (ARR):** The normalized amount of cash reasonably expected to be booked for the next 12 months based on the contracts signed previously, and assuming installation upon order.

**Churn:** The percentage of revenue from customers that either discontinue or reduce their subscription in a given 12-month period.

**Gross Margin:** Total customer revenue minus cost of goods sold (COGS), divided by total customer revenue, expressed as a percentage. COGS includes commission, cloud costs, hardware costs (if applicable), bank charges on customer payments, and travel costs for onboarding and installations.

**Percentage of US women:** Approximately 39M a year are imaged in the United States, most of them screening. The percentage we give is an estimate of the number of women who are imaged using at least one of Volpara's suite of products. This should be considered indicative and not definitive.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Volpara Health Technologies Limited

**ABN**

609 946 867

**Quarter ended ("current quarter")**

Q4 – 31 March 2020 (31 March year-end)

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,705	16,475
1.2 Payments for		
(a) research and development	(1,302)	(4,966)
(b) product manufacturing and operating costs	(1,129)	(4,029)
(c) advertising and marketing	(236)	(1,419)
(d) leased assets	(17)	(65)
(e) staff costs	(4,673)	(16,075)
(f) administration and corporate costs	(1,846)	(7,144)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	89	460
1.5 Interest and other costs of finance paid	(19)	(73)
1.6 Income taxes paid	(57)	(48)
1.7 Government grants and tax incentives	229	932
1.8 Other (provide details if material)	15	15
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,241)</b>	<b>(15,937)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(22,686)
(c) property, plant and equipment	-	(477)
(d) investments	-	-
(e) intellectual property	(474)	(523)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)*	(84)	679
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(558)</b>	<b>(23,007)</b>

\*Relates to cash acquired in the acquisition of MRS and costs associated with the business acquisition.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	58,032
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	83	616
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(4)	(3,122)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(63)	(290)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>16</b>	<b>55,236</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	35,441	14,383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,241)	(15,937)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(558)	(23,007)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (12 months) \$NZ'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16	55,236
4.5	Effect of movement in exchange rates on cash held	727	710
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>31,385</b>	<b>31,385</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,680	5,343
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	27,705	30,098
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>31,385</b>	<b>35,441</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$NZ'000**

15

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	(10)	-
7.3 Other (please specify)	0	-
7.4 <b>Total financing facilities</b>	(10)	-

7.5 **Unused financing facilities available at quarter end** (10)

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Unsecured overdraft facility with Kiwibank at variable interest rate.

<b>8. Estimated cash available for future operating activities</b>	<b>\$NZ'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,241)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	31,385
8.3 Unused finance facilities available at quarter end (Item 7.5)	10
8.4 Total available funding (Item 8.2 + Item 8.3) *	31,395
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	7.4

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

\*Funds from the A\$28M Placement announced on Tuesday, 21<sup>st</sup> April 2020 are to be received on Friday, 24<sup>th</sup> April 2020.



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 April 2020 .....

Authorised by:  Craig Hadfield  
.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.